

Message Text

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71

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SCEM-02 SCI-06 INT-08 TRSE-00 COME-00 AID-20

DRC-01 /135 W

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R 082014Z JAN 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6004

INFO AMEMBASSY CARACAS

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 0086

GUATEMALA PLEASE PASS ROCAP

E.O. 11652: N/A

TAGS: ENRG, HO

SUBJ: PETROLEUM: HONDURAS REQUESTS SPECIAL TREATMENT
FROM VENEZUELA;*CALLS FOR REGIONAL MEETING

REF: TEGUCIGALPA 4744

1. PRESS ON JAN 8 PRINTED TEXT OF TELEGRAM SENT BY
MINISTER OF ECONOMY BENNATON TO SIECA SECRETARY
GENERAL MAYORGA ON JAN 4 CALLING FOR A MEETING OF C.A.
ECON MINISTERS TO DISCUSS JOINT MEASURES WHICH
MIGHT BE TAKEN TO RELIEVE THE PETROLEUM SITUATION.

2. THIS TELEGRAM ALSO TRANSCRIBED TEXT OF A PREVIOUS
ONE SENT BY BENNATON TO VENEZUELAN MINISTER OF MINES
HUGO PEREZ LA SALVIA EXPLAINING SERIOUS IMPACT WHICH
INCREASES IN VENEZUELAN CRUDE PRICE WILL HAVE ON
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COUNTRIES LIKE HONDURAS, "SIGNIFYING A BURDEN IMPOSSIBLE

TO ABSORB WITHOUT SACRIFICING TOTALLY OUR ECONOMIC AND SOCIAL DEVELOPMENT PLANS." THE NEW CRUDE PRICE LEVEL IMPOSED BY GOV WILL SIGNIFY A COST OF \$77 MILLION FOR HONDURAS, WHICH IS \$50 MILLION MORE THAN 1973, ACCORDING TO THE CABLE, A SUM WHICH APPROXIMATES THE TOTAL EARNINGS FOR HONDURAS IN 1973 DERIVED FROM EXPORTS OF COFFEE AND LUMBER. THE EFFECT WOULD SECERELY AFFECT HONDURAN BALANCE OF PAYMENTS AND OBLIGE SUBSTANTIAL RESTRICTIONS IN CONSUMPTION AS WELL AS ELEVATE INTERNAL PRICES DISPROPORTIONATELY AND AFFECT HONDURAN COMPETITIVE POSITION IN INTERNATIONAL MARKETS. THE IMPACT COULD FORCE HONDURAS TO A PERMANENT EXISTANCE IN THE "OXCART ERA."

3. CABLE CONCLUDES BY STATING THAT HONDURAS IS CERTAIN "BROTHER COUNTRY" OF VENEZUELA DOES NOT INTEND SUCH ADVERSE EFFECTS ON LDCS AND THAT THESE COUNTRIES SHOULD BE TREATED DIFFERENTLY, I.E., DIFFERING PRICE LEVELS SHOULD BE APPLIED TO LESS DEVELOPED COUNTRIES THAN THOSE FOR THE INDUSTRIALIZED WORLD. TELEGRAM ASKS THAT GOV GIVE CONSIDERATION TO THIS PROPOSAL AND ANY OTHER SPECIAL MECHANISM WHICH MIGHT ALLEVIATE THE SITUATION.

4. EMBASSY CHECKING WHETHER REPLIES RECEIVED AS YET FROM SIECA OR GOV.
SANCHEZ

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